

What Is This Really About ?



- More higher wage jobs
- More profits for Delta businesses
- More wealth in Delta communities
 - The kind of wealth that gets re-invested

Building Community Competitive Advantage



Think Global
Act Local

Building Community Competitive Advantage



- Regional Economies Matter Most
- Back To The Point
- One Law
- Two Rules
- The Mechanics
- So What?

Regional Economies Matter Most



- State economy = unicorn
- Regional economies are the building blocks
 - Distinctive labor markets, trading patterns, business culture, etc.
 - Rural areas have their own distinctive needs, opportunities and cultures

Back To The Big Point



- Jobs and incomes
 - Higher wage employment
 - Larger disposable incomes (all levels)
 - More wealth in Delta communities
 - EQUITY

What's the catch ?



- This doesn't work without “new money”
 - An increased income flow at all economic levels
- Where do we find it?
 - One Law
 - Two Rules

One Law



- You can't compete without an advantage
 - For firms
 - For regions

Rule #1

The Value Added Imperative



- Why it is the bottom line
- Consider the alternative
- There are no low tech industries, only low tech companies
- Technology: the value-added linchpin
- Putting it in perspective

Rule #2

Stick to Traded Sectors



- Compete in markets outside the region
 - Export goods and services (importing cash)
 - Substitute for goods and services that would have been purchased outside of the region
 - Attract nonresidents to spend money in the region
- Drive the economy by bringing in new dollars
 - Dollars that turn into profits and paychecks that circulate through the economy's "non-traded" sectors (stores, restaurants, bars and barbers, etc.)

Two Rules

- **The Value Added Imperative**
 - Focus on pushing to higher value added levels regardless of the starting point
 - Good news: Everyone can play
- **Stick to Traded Sectors**
 - Portion of the economy that competes outside the region
 - Export goods and services and import cash
 - Cash that turns into profits and paychecks that then circulates through the economy's "non-traded" sectors

Building Higher Value-Added Regional Competitive Advantage



- The Mechanics
 - Clusters (who cares?)
 - The wealth drivers
 - What do we need to be good at?
 - Where do we start?

Industrial Clusters and Regional Competitive Advantage

- So What?

- Firms can't engage in higher value-added commerce without some form of competitive advantage. It is what allows them to command a price premium.
- Clusters create the capacity for its member firms to generate higher levels of value added than they could if they were not a member.
- Cluster - a loose, geographically bounded agglomeration of similar, related firms that through a series of interdependent relationships are able to achieve a kind of commercial synergy.
- Certain kinds of clusters of firms can build higher value-added competitive advantage for an entire region.
- Clusters versus clustering

Know Your Wealth Drivers



- Concentrate on traded sectors
 - Especially firms with use local or regional suppliers
- Higher wage operations
 - Regional wage index is a start
 - above or below average non-retail wage by 4 digit SIC code = 1.0

The Mechanics: Four Critical Value-Adding Capacities



- For each critical competency, what do we have to work with and to build on?
 1. Workforce Skills
 2. Business Startups (Entrepreneurship)
 3. Capital
 4. Technology

1. Workforce Skills



- The stock, flow and distribution of knowledge and know-how within a region's population; I.e., what you know and how fast you can learn
- New jobs generated by new industries require new and/or higher level skills.
- The pace of technological change and change in work organization continues to transform the skills and knowledge requirements for existing jobs.

2. Business Startups (Entrepreneurship)

- The ability and willingness of individuals to take risks and to start new companies.
 - High growth, high value-added businesses are of particular importance.
 - Sources of employment growth and technological dynamism

3. Capital



- Financial
 - The ability and willingness to finance technology commercialization, business startups, and business expansion.
 - Locally managed early stage funds are particularly important
- Social
 - The quantity and quality of economic and civic relationships within a region.
 - In well developed regions information spreads quickly, accurately and efficiently. Familiarity has created a foundation of trust and the expectation of reciprocity.

4. Technology



- The development, commercialization, use and adaptation of technology and the regional system and culture that enables these activities.
 - Innovation
 - Deployment
 - Infrastructure

Where do we start?



1. Workforce Skills
2. Business Startups (Entrepreneurship)
3. Capital
4. Technology

Technology



- The new money has to come from somewhere
- Technology governs value added
- So lets start here